

IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO

SINDH MODARABA

Quarterly Report
September 30, 2015



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا

And Allah has permitted trading and
forbidden usury

Contents

Vision & Mission Statements	02
Corporate Information	03
Directors' Review	04
Condensed Interim Balance Sheet	05
Condensed Interim Profit and Loss Account	06
Condensed Interim Statement of Comprehensive Income	07
Condensed Interim Cash Flow Statement	08
Condensed Interim Statement of Changes in Equity	09
Notes to the Condensed Interim Financial Statements	10

Vision & Mission Statements

Vision

Our vision is to be one of the leading Islamic Financial Institution within Modaraba sector by offering Shari'ah compliant solutions for an optimal satisfaction of customers

Mission

The basic aim of Sindh Modaraba is to seek Allah's blessing for transformation of our business dealings in accordance with the principles enshrined in the Islamic Shari'ah. And to develop an Islamic Institution by implementing Allah's will in the line with the practices of His Prophet (P.B.U.H.) by meeting its stated objectives built on Trust, Integrity, Innovation and good governance for meeting expectation of its stakeholders.

Corporate Information

Board of Directors

Mr. Muhammad Bilal Shaikh	-Chairman	-Non-Executive Director
Mr. Muhammad Sohail Khan Rajput		-Non-Executive Director
Mr. Muhammad Naimuddin Farooqui		-Non-Executive Director
Syed Shahnawaz Nadir Shah		-Non-Executive Director
Mr. Muhammad Shahid Murtaza		-Independent Director
Mr. Asif Haider Mirza		-Independent Director
Mr. Moin Mohajir		-Independent Director
Mr. Javed Iqbal		-Chief Executive

CFO & Company Secretary

Mr. Zulfiqar Ali

Audit Committee

Mr. Muhammad Shahid Murtaza	-Chairman
Mr. Muhammad Naimuddin Farooqui	-Member
Syed Shahnawaz Nadir Shah	-Member
Mr. Moin Mohajir	-Member

Human Resource Committee

Mr. Muhammad Bilal Shaikh	-Chairman
Mr. Moin Mohajir	-Member
Mr. Asif Haider Mirza	-Member
Mr. Javed Iqbal	-Member

Bankers

Sindh Bank Limited-Islamic Banking (Saadat)

Auditors

Grant Thornton Anjum Rahman
Chartered Accountants

Shariah Advisor

Mufti Zeeshan Abdul Aziz

Legal Advisor

Mohsin Tayebaly & Co.

Share Registrar

Technology Trade (Pvt.) Ltd
Dagia House, 241-C Block 2,
P.E.C.H.S., Shahra-e-Quaideen
Karachi.
Tel: (92-21) 34391316

Registered/Head Office

1st Floor, Imperial Court,
Dr. Ziauddin Ahmed Road
Karachi
Tel : (92-21) 35640708-9
web : www.sindhmodarabaltd.com
Email : info@sindhmodarabaltd.com

Directors' Review

The Board of Directors of Sindh Modaraba Management Limited, Management Company of Sindh Modaraba is pleased to present the un-audited Financial Statements of Sindh Modaraba for the quarter ended September 30, 2015.

Operating Results

The Modaraba continued its strategy of gradually building a high quality financing portfolio. During the quarter under review, facilities amounting to Rs. 61.62 million were granted to the highly credit worthy customers and bringing the total financing assets to Rs.215.45 million. Despite the prevailing low interest rate scenario and tough competition within the Islamic financial institutions, the Modaraba managed to earn profit of Rs. 4.53 million during the quarter.

Future Prospects

The management will continue to carefully expand its asset base by penetrating into the targeted sectors for achieving diversification in its asset profile. The foot prints of Sindh Modaraba are being expanded to Lahore and Islamabad to expand its customer's universe. Under this critical build-up time the management is endeavoring to closely monitor the operating costs to keep it at optimal level. We are hopeful of achieving even better results in the remaining three quarters of current financial year.

Acknowledgment

On behalf of the Board of Directors, I extend many thanks to all stake holders' i.e sponsors, shareholders, regulators, customers and employees for the guidance, trust and hard work that have enabled to establish Sindh Modaraba for achieving these results. We assure them of continued adherence to prudent practices and providing customized products and services to the customers.

Javed Iqbal
Chief Executive
Karachi: October 27, 2015

Condensed Interim Balance Sheet (Un-audited)

As at September 30, 2015

	Note	Sep. 30, 2015 (Un-Audited) ----Rupees----	June 30, 2015 (Audited) ----Rupees----
ASSETS			
Current assets			
Cash and bank balances	4	268,187,069	309,603,524
Ijarah rental receivables		1,499,889	730,517
Advances, prepayments and other receivables	5	5,004,280	3,064,496
Current portion of Diminishing Musharaka	6	21,362,273	10,737,273
Current portion of Long term loan		324,000	324,000
Total current assets		296,377,511	324,459,810
Non - current assets			
Long term portion of Diminishing Musharaka	6	93,165,228	106,474,545
Ijarah assets	7	100,919,378	46,013,040
Long term loan		1,107,000	1,188,000
Fixed assets	8	1,314,947	274,655
Total non - current assets		196,506,553	153,950,240
TOTAL ASSETS		492,884,064	478,410,050
LIABILITIES AND EQUITY			
Current liabilities			
Creditors, accrued and other liabilities	9	11,619,217	9,491,879
Profit distribution payable		7,200,000	-
Non - current liabilities			
Long term security deposit		17,140,486	9,326,968
TOTAL LIABILITIES		35,959,703	18,818,847
CERTIFICATE HOLDERS' EQUITY			
Certificate capital			
Authorised certificate capital			
50,000,000 certificates of Rs. 10 each		500,000,000	500,000,000
Issued, subscribed, and paid - up certificate capital			
Unappropriated profit		450,000,000	450,000,000
Statutory reserve		5,006,120	7,672,962
		1,918,241	1,918,241
		456,924,361	459,591,203
TOTAL LIABILITIES AND EQUITY		492,884,064	478,410,050
CONTINGENCIES AND COMMITMENTS			
	10		

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

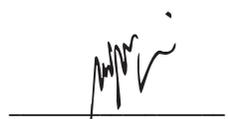
For Sindh Modaraba Management Limited
(Management Company)



Chairman



Chief Executive



Director

Condensed Interim Profit and Loss Account (Un-audited)

For the Quarter Ended September 30, 2015

	Note	Sep. 30, 2015 (Un-Audited) ----Rupees----
Income on Diminishing Musharaka		2,993,042
Income on Ijarah		7,687,301
Income on bank deposits		4,759,953
		<u>15,440,296</u>
Administrative and operating expenses	11	(3,552,326)
Depreciation - Ijarah assets	7	(6,713,122)
		<u>(10,265,448)</u>
		5,174,848
Other income		46,000
		<u>5,220,848</u>
Management Company's remuneration		(522,085)
Services sales tax on the Management Company's remuneration		(73,092)
Workers' welfare fund		(92,513)
		<u>(687,690)</u>
Profit for the quarter before taxation		4,533,158
Taxation	12	-
Profit for the quarter after taxation		4,533,158
Earnings per certificate - basic and diluted		0.10

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

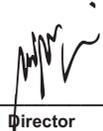
For Sindh Modaraba Management Limited
(Management Company)



Chairman



Chief Executive



Director

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the Quarter Ended September 30, 2015

Sep. 30, 2015
(Un-Audited)
---Rupees---

Profit for the quarter after taxation	4,533,158
Other comprehensive income for the quarter	
- items that may be reclassified to profit and loss account	-
- items that will not be reclassified to profit and loss account subsequently	-
Total comprehensive income for the quarter	4,533,158

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For Sindh Modaraba Management Limited
(Management Company)



Chairman



Chief Executive



Director

Condensed Interim Cash Flow Statement (Un-audited)

For the Quarter Ended September 30, 2015

	Sep.30, 2015 (Un-Audited) -----Rupees-----
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit for the quarter before taxation	4,533,158
Adjustments for non - cash and other items	
Depreciation - Ijarah assets	6,713,122
Depreciation - Fixed assets	77,519
Income on bank deposits	(4,759,953)
Provision for provident fund	41,548
	<u>2,072,236</u>
Working capital changes	
(Increase)/Decrease in advances, prepayments and other receivables	(2,296,517)
(Increase)/Decrease in Ijarah rental receivables	(769,372)
(Increase)/Decrease in Diminishing Musharaka	2,684,317
(Increase)/Decrease in long term loan	81,000
Increase/(Decrease) in creditors, accrued and other liabilities	2,085,790
Increase/(Decrease) in long term security deposit	7,813,518
	<u>9,598,736</u>
Income received on bank deposits	5,116,686
Net cash used in operations	<u>21,320,816</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Ijarah assets	(61,619,460)
Purchase of fixed assets	(1,117,811)
Net cash used in investing activities	<u>(62,737,271)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Net cash flows from financing activities	-
Net decrease in cash and cash equivalents	(41,416,455)
Cash and cash equivalents at the beginning of the quarter	309,603,524
Cash and cash equivalents at the end of the quarter	<u><u>268,187,069</u></u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

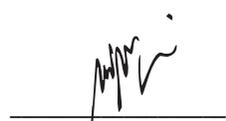
For Sindh Modaraba Management Limited
(Management Company)



Chairman



Chief Executive



Director

Condensed Interim Statement of Changes in Equity (Un-audited)

For the Quarter Ended September 30, 2015

	Issued, subscribed, and paid - up certificate capital	Unappropriated profit	Statutory reserve	Total
	-----Rupees-----			
Issue of certificates	450,000,000	-	-	450,000,000
Total comprehensive income for the period	-	9,591,203	-	9,591,203
Transfer to statutory reserve	-	(1,918,241)	1,918,241	-
Balance as at June 30, 2015	450,000,000	7,672,962	1,918,241	459,591,203
Profit distribution @Rs. 0.16 per certificate	-	(7,200,000)	-	(7,200,000)
Total comprehensive income for the quarter	-	4,533,158	-	4,533,158
Balance as at September 30, 2015	450,000,000	5,006,120	1,918,241	456,924,361

The statutory reserve representing profit set aside as required under the Prudential Regulation for Modarabas as issued by the Securities and Exchange Commission of Pakistan, will be transferred at the year end.

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For Sindh Modaraba Management Limited
(Management Company)



Chairman



Chief Executive



Director

Notes to the Condensed Interim Financial Statements (Un-audited)

For the Quarter Ended September 30, 2015

1 LEGAL STATUS AND NATURE OF BUSINESS

Sindh Modaraba (the Modaraba) has been floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder and is managed by Sindh Modaraba Management Limited (the Management Company), which is a wholly owned subsidiary of Government of Sindh. The registered office of the Modaraba is situated at 1st Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi.

The Modaraba is a perpetual, multi-purpose and multi-dimensional Modaraba and is primarily engaged in providing Shariah compliant financing facilities to credit worthy customers. The Modaraba is listed on Karachi Stock Exchange.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board, as are notified with the Companies Ordinance, 1984 and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Islamic Financial Accounting Standards (IFASs) and the directives issued by the SECP differ with the requirements of (IFRSs), the requirements of the former prevail.

2.2 The Modaraba commenced its operations w.e.f February 09, 2015. Hence, the comparative figures for the quarter ended September 30, 2014 have not been presented.

2.3 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention.

2.4 Functional and presentation currency

Items included in these condensed interim financial statements are measured using the currency of the primary economic environment in which the Modaraba operates. The financial statements are presented in Pakistani Rupees, which is the Modaraba's functional and presentational currency. Figures have been rounded off to the nearest Rupees, unless stated otherwise.

2.4 Use of significant estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of the Modaraba's accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an on-going basis.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of audited annual financial statements of the Modaraba for the year ended 30 June 2015.

Notes to the Condensed Interim Financial Statements (Un-audited)

For the Quarter Ended September 30, 2015

	Note	Sep. 30, 2015 (Un-Audited) ---Rupees---	June 30, 2015 (Audited) ----Rupees----
4 CASH AND BANK BALANCES			
Stamp paper in hand		21,550	10,050
Cash in hand		20,000	-
Balances with banks			
-on deposit accounts	4.1	268,125,974	309,573,474
-on current accounts		19,545	20,000
		<u>268,187,069</u>	<u>309,603,524</u>

4.1 These represent balances held with Sindh Bank Limited - Islamic Banking Unit, related party. These carry profit at the rates ranging from 6.35% to 7.1% per annum. (June 30, 2015: 7.1% to 9%)

5 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advance for purchase of Ijarah assets		1,956,000	-
Other Advances		549,005	214,309
Prepayments		231,163	127,640
Accrued income from bank deposits		1,460,182	1,816,915
Accrued income from Diminishing Musharaka		787,930	845,882
Other receivables		20,000	59,750
		<u>5,004,280</u>	<u>3,064,496</u>

6 DIMINISHING MUSHARAKA			
Receivables - Secured		114,527,501	117,211,818
Less: Current portion of Diminishing Musharaka		(21,362,273)	(10,737,273)
Long term portion of Diminishing Musharaka	6.1	<u>93,165,228</u>	<u>106,474,545</u>

6.1 These represent finances provided under Diminishing Musharaka arrangements for a period upto five years.

7 IJARAH ASSETS

Amount in Rupees

Particulars	Cost			Depreciation			WDV as at Sep.30,2015
	As at	Additions	As at	Depreciation			
	Jul.01,2015		Sep.30,2015	As at Jul.01,2015	Charge for the period	As at Sep.30,2015	
Plant and machinery	46,634,838	16,515,720	63,150,558	621,798	3,984,117	4,605,915	58,544,643
Motor Vehicles	-	45,103,740	45,103,740	-	2,729,005	2,729,005	42,374,735
	<u>46,634,838</u>	<u>61,619,460</u>	<u>108,254,298</u>	<u>621,798</u>	<u>6,713,122</u>	<u>7,334,920</u>	<u>100,919,378</u>
June 30, 2015	-	46,634,838	46,634,838	-	621,798	621,798	46,013,040

7.1 The Modaraba has entered into Ijarah arrangements for period upto three years against which security deposits ranging from 10% to 20% were obtained at the time of disbursement.

Notes to the Condensed Interim Financial Statements (Un-audited)

For the Quarter Ended September 30, 2015

8 FIXED ASSETS

Particulars	Cost			Depreciation				Depreciation rate
	As at Jul.01,2015	Additions	As at Sep.30,2015	As at Jul.01,2015	Charge for the period	As at Sep.30,2015	WDV as at Sep 30, 2015	
Furniture and fixtures	95,017	-	95,017	3,313	2,375	5,688	89,329	10%
Vehicles	43,500	-	43,500	3,625	2,175	5,800	37,700	20%
Computer and accessories	156,084	733,320	889,404	13,008	53,744	66,752	822,652	33.33%
Office Equipment	-	384,491	384,491	-	19,225	19,225	365,266	20%
Total	294,601	1,117,811	1,412,412	19,946	77,519	97,465	1,314,947	
June 30, 2015	-	294,601	294,601	-	19,946	19,946	274,655	

Sep 30, 2015
(Un-Audited)
----Rupees----

June 30, 2015
(Audited)
----Rupees----

9 CREDITORS, ACCRUED AND OTHER LIABILITIES

Preliminary expenses payable to the Management Company	7,189,552	7,189,552
Management Company remuneration payable (inclusive of sales tax)	1,879,425	1,284,259
Advance received against ijarah facility	779,600	-
Creditors and other liabilities	549,602	459,591
Accrued expenses	1,221,038	558,477
	<u>11,619,217</u>	<u>9,491,879</u>

10 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments at the balance sheet date. (June 30, 2015: Nil)

11 ADMINISTRATIVE AND OPERATING EXPENSES

Salaries, Allowances & Other Benefits	2,593,023
Legal & Professional Charges	265,405
Registration & Subscription Fee	101,478
Repairs & Maintenance	80,595
Depreciation/Amortization Expense- Owned Assets	77,519
Utility services	167,348
Insurance- Owned Assets	3,296
Postage, Courier & Telegraphs	1,585
Vehicle Running Expenses	1,490
Security Services	85,497
Generator running expense	119,036
Printing, Stationery & Photocopy	14,001
Entertainment	13,775
Rent, Rates & Taxes	25,000
Miscellaneous	3,278
Total	<u>3,552,326</u>

Sep 30, 2015
(Un-Audited)
----Rupees----

Notes to the Condensed Interim Financial Statements (Un-audited)

For the Quarter Ended September 30, 2015

12 TAXATION

As per the Second Schedule to the Income Tax Ordinance, 2001, the income of a non-trading modaraba is exempt from income tax provided that it distributes at least 90% of its profits to its certificate holders for the year after making appropriation for statutory reserves. The Modaraba intends to continue to avail this exemption by distributing 90% of its profits to its certificate holders after making appropriation to statutory reserves for the year ending 30 June 2016. Accordingly, no provision in respect of current and deferred taxation has been made in these condensed interim financial statements.

13 RELATED PARTY BALANCES AND TRANSACTIONS

The Modaraba has related party relationship with the Management Company, its associated companies, Directors and key management personnel.

The details of related party transactions and balances as at September 30, 2015 are as follows:

	Sep 30, 2015 (Un-Audited)	June 30, 2015 (Audited)
	-----Rupees-----	-----Rupees-----
Balances as at period end		
Sindh Bank Limited		
Bank deposits	268,125,974	309,573,474
Accrued income from bank deposits	1,460,182	1,816,915
Sindh Modaraba Management Limited		
Management Company remuneration payable	1,629,205	1,107,120
Preliminary expenses payable	7,189,552	7,189,552
Sindh Insurance Limited		
Insurance premium payable	148,642	-
Generator sharing expense payable	109,215	-
Key Management Personnel		
Salaries and other benefits payable	263,561	106,061
Long term loan	1,431,000	1,512,000
Staff Provident Fund		
Contribution payable	41,548	136,628
Transactions for the period		Sep 30, 2015 (Un-Audited)
		-----Rupees-----
Sindh Bank Limited		
Income from deposits		4,759,953
Sindh Modaraba Management Limited		
Management Company remuneration		522,085
Sindh Insurance Limited		
Insurance premium paid		9,250
Sharing of expenses		109,215
Key Management Personnel		
Salaries, allowances and benefits paid		920,551
Staff Provident Fund		
Contribution paid		205,276

Notes to the Condensed Interim Financial Statements (Un-audited)

For the Quarter Ended September 30, 2015

14 GENERAL

- 14.1 Corresponding figures where necessary have been reclassified for the purpose of better presentation
- 14.2 These financial statements were authorised for issue on October 27, 2015 by the Board of Directors of the Management Company.

For Sindh Modaraba Management Limited
(Management Company)



Chairman



Chief Executive



Director